



DMHC Unfair Payment Practices Public Meeting
Opening Remarks
Cindy Ehnes, Director
May 14, 2008

Good morning. Thank you for being here today for the eighth public meeting held by the DMHC on the issue of balance billing and unfair payment patterns.

As most of you know, the DMHC has been working for the past several years to solve a long-standing issue about claims payment disputes that have permeated the health care industry.

We are tasked with carrying out the direction from the Governor's July 25, 2006 Executive Order to protect consumers from any further instances of balance billing. We will fully protect consumers from charges they do not owe under the terms of the health insurance policies they purchased in good faith.

We also have tried to bring resolution to the underlying problem that causes balance billing, which stems from payment disputes arising from the ambiguity of the definition of the reasonable and customary value of services of non-contracted providers.

However, after three and a half years of stakeholder meetings, court action and legislation, consumers have still been left to shoulder the financial burden when their health care providers and insurance carriers disagreed.

Therefore, we have moved away from the broader regulation – which we felt was a fair compromise through an independent dispute resolution process that would have brought financial relief to providers. Unfortunately, many physicians have been reluctant to use this process for a number of reasons.

But I'd like to send a message directly to individual physicians who keep our health care system running and provide care for their patients. Furthermore, we have been accused of allowing health plans to pay whatever they want for non-contracted services. Nothing could be further from the truth. The DMHC is here for you to make sure you get paid fairly and on time. Our Provider Complaint Unit has been phenomenally effective in getting additional payments for physicians and hospitals -- more than \$5 million to date.

The balance billing issue was brought starkly into the public spotlight nearly two weeks ago when a major Southern California hospital chain sent nearly 10,000 collection letters to health plan enrollees threatening to report them to a credit bureau if they didn't pay outstanding bills. Most who received these bills were unaware that they were being charged and, if they were aware, assumed that their health plans would pay.

The Schwarzenegger Administration condemns the hospital chain, Prime Healthcare, for forcing patients into the midst of billing disputes between hospitals, doctors and insurance companies. Our proposed regulations will put an end to these shameful actions. The DMHC wants to do everything we can to help patients, some of whom are here today. Since May 1, our HMO Help Center has fielded over 100 calls from Kaiser members who received these letters. We have also learned that Kaiser will soon be filing legal action to bar Prime Healthcare from collecting anything from these patients and we support their efforts.

Now, I would like to move directly into hearing from some of these patients. This meeting is to hear from you, the public, on specific provisions of the proposed regulation. But make no mistake, as the DMHC moves forward with this rulemaking process, we have one goal: to remove the patient from the middle of billing disputes as quickly as possible.

Thank you.